Bond Dividend DM 21.8 mio

CS:15-06-03
HAMISH MAXWELL

CC: RWM, TG, WTM, GEK, F.M. DULLES - PME
T.M. KEARNS, R.L. SNYDER, L. POLLAK, M. JOURNOT - PMI

FLASH TELEX FOR WEEK ENDING JUNE 11, 1982

1. LEGAL

RECEIVED
JUN 15 1982
BB

A) EEC

THE FIRM OF CLEARY, GOTTLIEB, STEEN, AND HAMILTON WAS APPOINTED TO REPRESENT US IN THE CURRENT ANTI-TRUST LITIGATION. ALL OTH EXISTING LAWYERS WILL REMAIN, AND OPERATE UNDER CLEARY, GOTTLIEB'S OVERALL SUPERVISION AND DIRECTION.

IN CONNECTION WITH THE EEC STATEMENT OF OBJECTIONS, WE MADE CLAIMS OF CONFIDENTIALITY OF CERTAIN ASPECTS OF THE EEC DOCUMENTS, AND OUR CLAIM HAS BEEN FULLY ACCEPTED.

A TIMETABLE HAS BEEN SET UP IN ORDER TO ACHIEVE THE FILING OF OUR REPLY WITH THE EUROPEAN COMMISSION BY 30TH JULY AND TO COMPLETE NECESSARY PREPARATION FOR THE ORAL HEARING IN BRUSSELS ON 31ST AUGUST. THE PROGRAM DETAILS ALL WORK NECESSARY TO BE CARRIED OUT COVERING THE WRITTEN SUBMISSION TO THE EEC, MARKET ANALYSIS, INDEPENDENT OBJECTIVE OPINION ON ECONOMIC FACTORS, DRAFT SCENA FOR THE ORAL HEARING AND PREPARATION OF ARGUMENTS WE MAY WANT TO PRESENT AT THE HEARING.

B) GERMANY

A TIMETABLE HAS ALSO BEEN PREPARED IN CONNECTION WITH OUR CASE AGAINST THE FCO AND COVERS ALL MATTERS AS IN THE EEC, IN PREPARATION OF SUBMISSION OF COURT DOCUMENTS BY JULY 31.

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C) POLITICAL - EEC

WE HAVE FINALIZED A PLAN TO MAKE OUR CASE TO THE EEC MORE UNDERSTANDABLE BY VARIOUS POLITICAL PERSONS AND THE PRESS, AND WE SHALL BE IMPLEMENTING OUR PLAN OVER THE NEXT TWO MONTHS.

D) POLITICAL - GERMANY

FOR THE TIME BEING, WE ARE TAKING NO FURTHER POLITICAL STEPS IN CONNECTION WITH OUR CASE WITH THE FCO AS IT IS BELIEVED THE PRESENT POLITICAL CLIMATE IS STILL NOT SUITABLE.

2. BUSINESS DEVELOPMENT

A) INDIA

RWM AND K.K. MODI MET V. BRINK IN LONDON ON JUNE 4TH TO CONTINUE DISCUSSING THE POSSIBILITY OF A LICENSE AGREEMENT FOR RI BRAND

B) IRELAND

R. HERMANS MET WITH CARROLL'S PERSONNEL ON 20TH MAY TO DISCUSS A LICENSE AGREEMENT FOR MARLBORO. AGREEMENT HAS NOT YET BEEN REACHED REGARDING A SUITABLE PERFORMANCE CLAUSE NOR ABOUT THE PERIOD OF THE CONTRACT. ARRANGEMENTS ARE BEING MADE FOR RWM TO MEET WITH D. CARROLL ON THE OUTSTANDING ISSUES.

C) TEI

K. HALEY IS EVALUATING INFORMATION RECEIVED FROM TEI AND ON THE BASIS OF THIS IS PREPARING A BUSINESS PLAN FOR THE COMPANY.

AUDITED STATEMENTS FOR THE YEAR END MARCH 1982 SHOULD BE AVAILABLE TO PM DURING THE NEXT TWO WEEKS. AT THAT TIME, PM'S TAX ADVISERS WILL BE [illegible] WITH TEI TAX ADVISERS TO DISCUSS THE QUESTION OF [illegible]-FORMAT.

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D) REMBRANDT TRADEMARKS

A DRAFT CONTRACT WAS SENT TO STELLENBOSCH ON 11TH JUNE AND IF THERE ARE NO HITCHES AS EXPECTED, IT IS HOPED TO SIGN THE CONTRACT DURING THE VISIT OF J. MORGAN.

THE VISIT OF J. MORGAN TO STELLENBOSCH TO DISCUSS LAUNCH PLANS FOR REMBRANDT BRANDS IN THE USA HAS BEEN CONFIRMED FOR 20TH JUNE.

E) SOUTH AFRICA

REMBRANDT HAVE ADVISED US AT LAST THAT THEY ARE INTERESTED IN ENTERING INTO A CONTRACT FOR THE IMPORTATION AND DISTRIBUTION OF MARLBORO IN SOUTH AFRICA. FURTHER DISCUSSIONS WILL CONTINUE.

DRAFT DOCUMENTS WILL BE SUBMITTED BY US NEXT WEEK FOR THE EXTENSION OF THE LICENSE AGREEMENT FOR CHESTERFIELD IN SOUTH AFRICA.

3. GENERAL

A) A MEETING TOOK PLACE AT LAUSANNE ON 8TH JUNE BETWEEN EH, G. KARANDJOULIS, B. BROOKS, S. GUNNARSSON, AND MESSRS. GIUDICE AND KLATTEN OF BRINKMANN TO DISCUSS A NUMBER OF OUTSTANDING MATTERS.

NO PROGRESS WAS MADE IN THE AREA OF THE CHESTERFIELD, EVE AND MURATTI TRADEMARKS.

THE FOLLOWING SUBJECTS WERE DISCUSSED AND WILL BE FOLLOWED UP:

1. A PROPOSAL THAT A JOINT DISTRIBUTION ARRANGEMENT BE CONSIDERED FOR GERMANY;

2. THE POSSIBILITY OF BRINKMANN SUPPLYING METALLISED PAPER TO PM IN EUROPE;

3. ASSISTANCE BY PM TO ENABLE BRINKMANN TO PRODUCE "BARCLAY TYPE" FILTERS;

4. CONTRACT MANUFACTURING BY BRINKMANN FOR PM GERMANY.

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5. BRINKMANN'S OFFER TO PRINT BLANKS:.

6. ASSISTANCE TO BRINKMANN IN THE AREA OF EXPANDED TOBACCO.

B) QUARTERLY REPORTING

A TELEX WAS RECEIVED ON 9TH JUNE FROM T. ROUX GIVING THE QUARTERLY REPORTING INFORMATION FOR RI FOR THE QUARTER ENDED 31ST MARCH 1982. THIS METHOD OF ADVISING RI QUARTERLY RESULTS IS NOT ACCEPTABLE TO US AND EFFORTS WILL CONTINUE FO FINALIZE THE PROBLEM TO OUR SATISFACTION. EH WILL TAKE THE MATTER UP FURTHER WHEN HE VISITS STELLENBOSCH NEXT WEEK. THE PRELIMINARY INDICATION IS THAT PM SHARE IN RI'S EQUITY WAS DLRS 6.6 MILLION/NET PROFIT

C) RI BOND DIVIDEND OF DM 21.8 MILLION WILL BE RECEIVED ON 30TH JUNE. THE PROCEEDS WILL BE REMITTED TO PM GERMANY AND HELD UNT INSTRUCTED BY N.Y.

D) T. GORHAM MET WITH G. KLARMANN AND COOPERS + LYBRAND IN LONDON ON 8TH JUNE TO DISCUSS FINALIZATION OF THE TRANSFER OF ASSETS AND LIABILITIES FROM RTH TO A REMBRANDT COMPANY. AGREEMENT WAS REACHED ON THIS POINT TOGETHER WITH THE FINAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1982. IT WAS ALSO AGREED THAT IN THE FUTURE THE BOOKS OF RTH WOULD BE KEPT BY COOPERS + LYBRAND.

E) FURTHER INFORMATION HAS BEEN RECEIVED FROM REMBRANDT TO COMPLETE A FURTHER FORTY-NINE 959 FORMS AND THESE WILL BE SUBMITTED BY N.Y. TO THE IRS IN THE COMING WEEK. REMBRANDT ADVISED IT WILL NOT BE POSSIBLE TO SUPPLY ANY MORE INFORMATION OTHER THAN THAT WHICH WE HAVE RECEIVED.

F) MR CEDRIC BRANSTON, OPERATIONS DIRECTOR OF RI, IS TO VISIT PM GERMANY'S BERLIN FACTORY ON 14TH JUNE.

G) MR. T. TAN, OPERATIONS DIRECTOR OF ROTHMANS SINGAPORE, WILL VISIT RICHMOND ON JULY 9TH.

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B) SHARE PRICES

CLOSING PRICES AS AT	JUNE 4	MAY 28
ROTHMANS INTERNATIONAL (POUNDS)	89	94
RI CONVERTIBLE POUNDS/DM BONDS (DM)	3167	3198
DUNHILL (POUNDS)	275	270
CARROLLS (IRISH POUNDS)	63	63
TABACOFINA (BF)		
- SPOT	2510	2630
ROTHMANS OF PALL MALL CANADA (CAN DLRS)		
- COMMON	N/A	22.64
- PREFERRED A	N/A	N/A
- PREFERRED B	9-3/8	N/A
CARLING O'KEEFE (CAN DLRS)		
- COMMON	7	6-7/8
- PREFERRED A	17	16-1/2
ROTHMANS OF PALL MALL AUSTRALIA (AUS DLRS)		
- SYDNEY	5.60	5.50
- MELBOURNE	5.60	5.50
ROTHMANS INDUSTRIES, N.Z. (N.Z. DLRS)	1.55	1.52
ROTHMANS OF PALL MALL MALAYSIA (SING DLRS)	3.16	3.16
ROTHMANS INDUSTRIES LTD. (SING DLRS)	1.58	1.70

THERE HAS BEEN NO REVIVAL LAST WEEK OF SPECULATION IN ROTHMANS SHARES AND THE SHARE PRICE HAS DRIFTED DOWN IN LONDON FROM A HIGH OF 102.

E. HOUMINER
-++FM

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